

AMENDED WATER RATES
ADOPTED

RES. NO. 89-02

CC-6
CC-51(a)
CC-56

CC-183(e)

Following a brief introduction of the matter by City Manager Peterson, Assistant City Manager Glenn advised the City Council that dating back to the Budget Message in the 1988-89 Operating Budget document promulgated last May, we have been periodically discussing the need to adjust the City's water rate schedule. In fact, this matter has been informally discussed by the City Council and staff for the last two years. As the Council is aware, the water rate schedule for all residential units as well as some commercial and industrial uses is a flat rate, regardless of water usage. The current residential rate is \$6.00 per month. This rate was established in 1976, and represented a 50% increase from the then-existing rate of \$4.00. The 1976 adjustment also increased all other rates in the schedule by a like percentage amount (50%), including metered commercial and industrial accounts. The last increase prior to that was in 1965 when the rate was increased 100%, from \$2.00 to \$4.00.

The present schedule is rife with inequities. The flat rate charge in the residential community is applied equally to the studio apartment, the one-bedroom alley house and the five-bedroom house with large, landscaped grounds. One aspect of the current schedule is that the per-apartment unit rate is less if the landlord pays the bill than if the tenant pays. The current schedule also includes a declining block rate for metered customers. This concept translates to "the more you use, the less it costs." This schedule, which does nothing to encourage prudent water usage, is 18 cents per one hundred cubic feet (100 cu/ft) of water used for the first 50,000 cubic feet; 15 cents per 100 cu/ft for usage between 50,000 and 250,000 cubic feet; and 12 cents per 100 cu/ft for amounts in excess of 250,000 cubic feet. Further contributing to the list of inequities are the rates charged to unmetered commercial and industrial accounts. In some instances the rate is based on the size of the water service to the property. In others, the front footage of the building is the determining factor. In still others, the rate appears to have been the end product of long-ago negotiations, the logic of which is beyond recall.

The City is currently producing and delivering water at a cost in some instances higher than is being charged metered customers. In 1987, the City produced 66,742,460 cubic feet of water at a cost of \$1,143,695. This computes to a cost of 17 cents per 100 cubic feet. One hundred cubic feet of water is equal to approximately 750 gallons. With block rates ranging from 18 cents down to 12 cents per 100 cu/ft, it is obvious that a comprehensive water rate schedule adjustment is long overdue.